



## Office of Health Benefits

### COMMONWEALTH OF VIRGINIA DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

## Benefits Administrator Memo #03-03

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**To:** Benefits Administrators  
**From:** Mary Habel, Director  
State and Local Health Benefits Programs  
**CC:** All OHB  
**Date:** February 7, 2003  
**Re:** Proposed health benefits changes

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During his address to the General Assembly money committees in December, Governor Warner referred to a proposed restructured health benefit plan for state employees that would address and relieve expected increases in health insurance premiums. We want to provide information on this proposal to assist you in answering employee questions about the effect on their health benefits coverage and costs.

An amendment by the Governor to the budget bill provides \$15.1 million in fiscal year 2004 to pay for the state's share of health insurance premium increases that take effect on July 1, 2003. In order to lessen the impact of increases on state employees, the Department of Human Resource Management has proposed a new single, comprehensive health plan. Input received from meetings with diverse employee groups was incorporated into the design before it was proposed to the Governor and the General Assembly.

The proposed new program incorporates features from both the current Key Advantage and Cost Alliance plans. Here is a summary of the effects of the new plan:

**Cost of Employee Coverage:** All employees would be required to contribute to premiums for the restructured health plan. The proposed monthly premium for family coverage would be \$99, a 40 percent reduction for employees who now cover their dependents under Key Advantage.

**Health Benefits Plan Structure:** The new plan would offer the same provider network as the current plans and feature some changes, including:

- Enhanced prevention and wellness benefits, including an annual wellness check-up
- Coverage for high-cost catastrophic services such as heart transplants and for other services not offered now to all state employees (for example, sleep apnea and chiropractic services)
- Elimination of the current requirement to select a primary care physician (PCP) and to obtain a referral before seeing a specialist
- An expanded provider network through the Anthem *BlueCard* Preferred Provider Organization (PPO) system that would provide in-network coverage outside the Commonwealth of Virginia
- A three-tiered prescription drug program, in which payment is made based on the drug category. Proposed copayment amounts under the new drug program would be \$15 (typically for generic drugs), \$20 (typically for lower-to-medium priced brand name drugs and some generics), and \$35 (typically for higher cost brands drugs). Members could also purchase up to a 90-day supply of drugs through the Home Delivery (mail service) pharmacy with two copayments.

**Additional “Buy-up” Coverage Options:** The proposed plan would provide wellness benefits and basic dental coverage at no additional cost to employees; however, employee focus groups suggested offering additional choice through “buy-ups.” Employees would be able to purchase enhanced benefits through three additional coverage options:

- Coverage for health care by out-of-network providers
- Expanded dental benefits
- Expanded dental, hearing and vision benefits

As you know, these proposals must be considered by the General Assembly. The Department of Human Resource Management will provide additional information to Benefits Administrators, employees and their families as it becomes available.

Enclosed are a brochure and a set of FAQs that may be helpful in answering employee questions.

Enclosures:

Pocket Guide - Proposed Changes to Health Benefits  
Frequently Asked Questions